

REINSTATEMENT FROM RETIREMENT

If you wish to hire a retired person on a permanent basis rather than a temporary basis, the retired person must reinstate from retirement. It is possible for a retiree to work under the “960 hours” rule prior to reinstatement, **but the retired person must be approved for reinstatement prior to being hired as a regular employee.** Please contact the Benefit Services Division at 1-800-352-2238 if you have questions regarding reinstatement or refer to the publication “Reinstatement From Retirement” ([PERS-PUB-37](#)).

SERVICE RETIREMENT

The Board, pursuant to the provisions of Government Code section 21196, may reinstate a person who has been retired under this System for service upon:

1. CalPERS’ receipt of the completed **Reinstatement from Service Retirement Application** (PERS-BSD-145) form. This form is enclosed in the **Reinstatement From Retirement** (PERS-PUB-37) booklet.
2. The member is responsible for completing Section A and C. Section B must be completed by a Human Resource representative of the employer offering the permanent position.

A person who has been retired under this System for service, following an involuntary termination of the person’s employment, and who is subsequently reinstated to such employment by action on or after October 1, 1965, pursuant to an administrative or judicial proceeding, shall be returned to employment status for the period specified by the judgment. The requirements of section 21196 shall not apply in this case (Government Code section 21198).

A person who has been retired under this System for service may be reinstated from retirement pursuant to this article without regard to the requirements of section 21196, upon the retiree’s application to the Board, if upon reinstatement, the retiree will be appointed by the Governor to any state office or employment (Government Code section 21199).

Reinstatement is not effective retroactively unless the retired person is working illegally (see ‘Employment of a Retiree’ this section). The effective date of such reinstatement shall be the first day of compensated employment **following approval of reinstatement** and the service credit at the time of original retirement will be restored in full (Government Code section 21196).

When a person is reinstated from retirement, the retirement allowance is cancelled and the retiree becomes a member of the System as of the date of reinstatement. The retiree’s individual account shall be credited with the actuarial equivalent of the retiree’s annuity at the date of reinstatement, not to exceed the amount of accumulated contributions at the date of retirement (Government Code section 21200).

DISABILITY RETIREMENT

1. The Board may require any member receiving a disability retirement allowance, under the minimum age for voluntary retirement for service, to undergo a medical examination. If the Board determines that such recipient is not incapacitated for duty, the agency shall be notified that such person is eligible for reinstatement to duty. The fact that the member was retired for disability does not prejudice any right to reinstatement to duty, which the member may claim. The member’s disability retirement allowance will be cancelled upon the employer’s offer to re-employ the member (Government Code sections 21192 and 21193).
2. Any retiree may request approval from CalPERS to **reinstate**, whereby the retirement allowance is cancelled and the member resumes active member status, including earning additional service credit towards his/her subsequent retirement.

REINSTATEMENT FROM RETIREMENT

- To request approval, the member must request reinstatement in writing, provide a current job description for the position, and a current statement from his/her treating physician that indicates he/she was examined and is found able to perform the tasks of the position without limitation. If the member is requesting reinstatement into a different position than from which retired, he/she must also submit a letter of intent to hire from the prospective employer (Government Code sections 21192 and 21193).
3. A member retired for **industrial disability** may request approval from CalPERS to reinstate to a position which is classified as miscellaneous. The same documents as noted in the preceding paragraph are required to request approval for this type of reinstatement. Upon subsequent retirement, the member's allowance will be recalculated using the same benefit formula for industrial disability and adding an annuity for the additional time worked after reinstatement. If the member is eligible for a service retirement after the miscellaneous employment, he/she may receive whichever allowance is greater, but will retain the industrial disability retirement classification (Government Code section 21197 and 21200).
 4. If the member whose disability retirement has been cancelled does not re-enter CalPERS covered employment, an amount which is the actuarial equivalent of the member's annuity at cancellation shall be credited to the individual account, and shall be refunded unless the member is eligible to elect, and does elect, to allow his/her accumulated contributions to remain in the retirement fund (Government Code section 21172).

BENEFICIARY DESIGNATION (AFTER RETIREMENT)

NOTIFICATION OF CHANGE IN BENEFICIARY STATUS

It is important for a retired annuitant to notify CalPERS when any one of the following qualifying events occurs because his or her designated beneficiary's entitlement to certain CalPERS benefits could be affected:

- Marriage of the retired annuitant.
- Legal separation, dissolution or annulment of the retired annuitant's marriage if initiated after the designation was filed.
- Birth or adoption of a child.

Should any one of these events occur, a retired annuitant's existing beneficiary designation for the balance of Option 1 contributions, the lump sum death benefit, or the balance of Temporary Annuity payments are automatically revoked. Once the designation is revoked, benefits will be paid to the statutory beneficiaries in the following sequence:

1. To the annuitant's spouse, or if none
2. To the annuitant's natural or adopted children, share and share alike, or if none
3. To the annuitant's parents, share and share alike, or if none
4. To the annuitant's brothers and sisters, share and share alike, or if none
5. To the annuitant's estate, if probated. If the estate does not require probate, but there is a trust, benefits will be paid to the trust. If there is no trust, benefits will be paid to the annuitant's surviving next of kin in the order prescribed by law.

A retired member may designate a new beneficiary by contacting CalPERS' Benefit Services Division to obtain a Beneficiary Designation ([PERS-BSD-509-A](#)) form, and by returning the completed form to CalPERS. **If the retired member wants his or her statutory beneficiary(ies) to receive the benefits payable, there is no need to file a [PERS-BSD-509-A](#). However, filing [PERS-BSD-509-A](#) may help us locate the person(s) upon the member's death.**

For an explanation of the limited situations under which members may change their optional settlement of beneficiary designation after retirement, please see the section entitled "Changing Optional Settlements and Beneficiary Designations".

A survivor or beneficiary who is receiving an allowance following the death of the retired member may designate a beneficiary to receive any unpaid allowance by requesting and filing a Designation for Beneficiary's or Survivor's Prorated Allowance (PERS-PRS-509B) form with CalPERS' Benefit Services Division.

Please reference the sample [PERS-BSD-509-A](#) and [PERS-BSD-509B](#) forms on the following pages.

QUALIFYING FOR POP-UP BENEFITS

Members who retired on or after January 1, 1990 and elected Option 2 or 3 may be eligible for a "pop-up" increase to the Unmodified Allowance after any of the following qualifying events that cause removal of the option beneficiary:

1. The death of the Option 2 or 3 beneficiary on or after January 1, 1990. A copy of the certified death certificate is required. The increase is effective the first of the month after the beneficiary's death.
2. Effective beginning January 1, 1993: If the Option 2 or 3 non-spouse beneficiary waives entitlement to the monthly allowance. A "Disclaimer of CalPERS Benefit" completed by the non-spouse option beneficiary is required. The increase is effective the first of the month after CalPERS receives the completed disclaimer.

BENEFICIARY DESIGNATION (AFTER RETIREMENT)

3. Effective beginning January 1, 1994: If the member divorces, obtains a judgment of legal separation, or the marriage is annulled, the former spouse is the Option 2 or 3 beneficiary, and the judgment of legal separation or divorce awards the member the entire interest in his or her CalPERS retirement. The increase is effective the first of the month after CalPERS receives a qualifying judgment.

There is no pop-up increase if the member retired before January 1, 1990, elected Option 2 or 3, and:

- the option beneficiary dies on or after January 1, 2000,
- the non-spouse beneficiary waives entitlement to the allowance on or after January 1, 2000, or
- the qualifying divorce, annulment or judgment of legal separation is received by CalPERS after January 1, 2000.

There is no pop-up increase if the member elected Option 2W or 3W (W=waive pop-up).

CHANGING BENEFICIARY DESIGNATIONS & Modifying Optional Settlements

1. A retired member who elected the Unmodified Allowance or Option 1:
 - a. May change the beneficiary for the lump sum retired death benefit at any time.
 - b. May change the beneficiary for the balance of Option 1 or balance of Temporary Annuity at any time.
 - c. May name a spouse as beneficiary to receive an Option 2,3 or 4. However, if an election is not filed with CalPERS within 12 months of the date of marriage, the election will not be effective until 12 months after it is received by CalPERS. If either the member or the new beneficiary dies prior to the effective date of the election, the election will not be effective.
2. A retired member who elected Option 2, 3, or 4:
 - a. May change the beneficiary for the lump sum retired death benefit at any time.
 - b. May change the beneficiary for the balance of Temporary Annuity at any time.
 - c. May elect to modify the option and name a new beneficiary upon the optional beneficiary's death. However, if an election is not filed with CalPERS within 12 months of the date of death, the election will not be effective until 12 months after it is received by CalPERS. If either the retired member or the new beneficiary dies prior to the effective date of the election, the election will not be effective.
 - d. May elect to modify the option and name a new spouse if the member marries and his or her former spouse was not named as beneficiary. If an election is not made within 12 months of the marriage, the election will not be effective until 12 months after it is received by CalPERS. If either the retired member or the new beneficiary dies prior to the effective date of the election, the election will not be effective.
 - e. May change the optional beneficiary where the retired member, as part of a judgment of marriage dissolution or annulment or legal separation, was awarded total interest in the retirement system. However, if an election is not made within 12 months of the date of entry of the judgment, the election will not be effective until 12 months after it is received by CalPERS. If either the retired member or the new beneficiary dies prior to the effective date of the election, the election will not be effective.

BENEFICIARY DESIGNATION (AFTER RETIREMENT)

- f. May revoke his or her beneficiary designation of a spouse for Option 2W, 3W, 4 or Option 2 & 3 elected before 1-1-90 benefit in the event of an annulment or dissolution, or a legal separation judgment that awards the entire community property interest in CalPERS benefits to the member. If the retired member's accumulated contributions exceed the total payments made to him or her to the date of death, the remaining balance of the accumulated contributions shall be paid to the member's estate or newly designated beneficiary. It is probable if more than 4 years have passed since the member's retirement date, no balance of contributions will be payable.

Modifying an optional settlement will cause a reduction in the member's allowance.

DEATH OF A RETIREE

If you become aware of the death of a retiree, please contact CalPERS with the name, birthdate, Social Security number, and date of death of the deceased, as well as the names, relationships, and addresses of the next of kin. A written or telephone communication detailing this information is acceptable for death notification provided a responsible official of the agency gives it.

A Form [PERS-BSD-738](#) SHOULD NOT be submitted for a retired person's death.

INFORMATION FOR FAMILY OF DECEASED

When a CalPERS retiree dies, there are several important steps a spouse or family member can take to help assure prompt payment of any benefits payable by CalPERS.

The first step is to notify CalPERS, Benefit Services' Telephone Information Center, by telephone at 1-800- 352-2238 or by letter. We will need the following information:

1. Name and Social Security number of deceased retiree.
2. The date of death.
3. Name, address, and telephone number of person providing notice of death.
4. Name, address, and telephone number of surviving spouse, other next of kin, or the person whom will be settling the estate.
5. If applicable, Social Security number of surviving spouse.
6. Date of birth of surviving spouse.
7. Date of marriage.
8. Whether or not surviving spouse is able to handle his/her own financial affairs.

The second step is to accumulate documentation. The System will ask for:

1. A copy of the death certificate.
2. If the member's estate is to be paid any death benefits, letters of administration must be submitted by the executor of the estate.
3. Other documents which are not included in the member file such as marriage certificates or birth certificates.

The third step is completing the "Claimant Statement and Survivor Questionnaire" form that is sent by CalPERS (See copy on following pages). This form is used to determine whether any event has occurred to invalidate the beneficiary designation or to identify persons who might be beneficiaries by law. It is a formal application to receive payment of death or survivor benefits determined payable by CalPERS. The person completing this form is certifying that he/ she is the person identified therein. This form should be completed in full and returned to CalPERS with the other documentation, death certificate, marriage certificate, newspaper clipping, etc.) as quickly as possible. Enclosed with the "Claimant Statement and Survivor Questionnaire" form will be a "Withholding Tax Election-Death Benefits" form so an election may be made for Federal and State Tax withholding (See copy on following pages).

HEALTH INSURANCE

If the beneficiary or survivor is entitled to continue coverage under the Public Employees' Medical and Hospital Care Act, as administered by CalPERS, the coverage will be continued automatically. A "Health Benefits Plan Enrollment Form" ([HBD-12](#)) is completed by CalPERS and a copy will be sent to the beneficiary or survivor.

DEATH OF A RETIREE

WARRANTS ISSUED AFTER RETIREE'S DEATH

All checks or retirement warrants issued (dated) after the retiree's death should be promptly returned to the System.* If warrants have been mailed to a bank for direct deposit to the retiree's account, CalPERS will contact the bank directly regarding a check for the full amount of warrants issued after the retiree's death should be sent to the System. Any allowance accrued but unpaid prior to the retiree's death will be paid to the eligible beneficiary.

*Unless the CalPERS representative specifically tells the surviving spouse the payments do not need to be returned.

TAX AND INCOME REPORTING INFORMATION

COMPLETING THE TAX WITHHOLDING ELECTION

Federal and State income tax will be withheld at the rate for a married person claiming three exemptions, unless you elect no withholding, elect a flat amount withheld, or elect a different marital status or number of exemptions. The benefit is treated as payroll wages. If no election is submitted and the rate of married with three exemptions is used, no federal tax will be withheld if the gross benefit is less than \$1,262.51. For State withholding, no taxes will be withheld if the benefit is less than \$1,861.40. (Amounts are based on 2001 tax tables.)

STATEMENT OF BENEFITS PAID AND WITHHOLDING:

In January of the year following payment, CalPERS provides each beneficiary with a statement showing the gross amount paid for benefits received and the amount of income tax withheld, if any. Most payments made by CalPERS are reported to the IRS and Franchise Tax Board. Questions about the taxability of CalPERS benefits should be directed to the IRS, the California Franchise Tax Board, or your tax advisor.

TAXPAYER IDENTIFICATION NUMBER:

Section 6109 of the IRS Code requires recipients of reportable payments to furnish Taxpayer Identification Numbers (TINs). Your Social Security number (or Employer ID number, if a trust or organization) must be furnished to CalPERS, even if you are not required to file a tax return.

COMPLETING THE TAX WITHHOLDING ELECTION FOR DEATH BENEFITS

MONTHLY AND/OR PRORATED PAYMENT INCLUDING ANY ALLOWANCE ADJUSTMENTS

The allowance is treated as payroll wages. Federal income tax will be withheld based on the rate of a married person claiming 3 exemptions **unless** you elect no withholding, elect a flat amount withheld, or elect a different marital status or number of exemptions. If no election is submitted and the rate of married with 3 exemptions is used, no federal tax will be withheld if the gross monthly payment is less than the IRS minimum level.

If you are a resident of the State of California, State income tax will also be withheld based on the rate of a married person claiming three exemptions **unless** you elect no withholding, elect a flat amount withheld, or elect a different marital status or number of exemptions. For California residents, if no election for State withholding is submitted and the rate of married with 3 exemptions is used, no taxes will be withheld if the gross monthly payment is less than the Franchise Tax Board minimum level.

OPTION ONE, TEMPORARY ANNUITY PAYMENTS AND RETIRED DEATH BENEFIT

If the benefit is payable to a spouse (or ex-spouse awarded a community property interest), death benefits may be non-taxable, partially taxable, or fully taxable. Any taxable portion of the benefit would be subject to **20 percent** federal withholding unless rolled over into an IRA. The non-taxable portion of the distribution is not eligible for rollover. It will be paid with no taxes deducted and will be reported to the tax authorities as a non-taxable benefit.

Special tax rules apply to eligible rollover distributions. Consult a tax advisor before making your tax election for these benefits.

If someone **other** than the member's spouse or ex-spouse is a beneficiary of all or a portion of an Option One, Temporary Annuity balance, or Retired Death Benefit, the non-spouse can voluntarily elect whether or not he/she wants taxes withheld. If the non-spouse beneficiary does NOT wish to have federal tax withheld from an Option One or Temporary Annuity payment, he/she must submit PERS-BSD-281 with the appropriate box checked. Otherwise, CalPERS will automatically withhold **10 percent of the taxable portion** for federal taxes.

If you live in California, CalPERS will automatically withhold **3 percent of the taxable portion of the payment** for State taxes. If you do NOT wish to have State tax withheld from an Option One or Temporary Annuity payment, you must submit PERS-BSD-281 with the appropriate box checked.

TAX AND INCOME REPORTING INFORMATION

STATEMENT OF BENEFITS PAID AND WITHHOLDING:

Every January, CalPERS provides each beneficiary with a statement showing the gross amount(s) of benefits paid during the previous calendar year and the amount of income tax withheld, if any. Most payments made by CalPERS are reported to the IRS and Franchise Tax Board. Questions about the taxability of CalPERS benefits should be directed to the IRS, the California Franchise Tax Board, or your tax advisor.

TAXPAYER IDENTIFICATION NUMBER:

Section 6109 of the IRS Code requires recipients of reportable payments to furnish Taxpayer Identification Numbers (TINs). Your Social Security number (or Employer ID number, if a trust or organization) **must** be furnished to CalPERS, even if you are not required to file a tax return.

NOTICE OF POSSIBLE PENALTIES:

If you elect **not** to have federal tax and/or California State tax withheld, or if you do not have enough federal or California State tax withheld, you may be responsible for payment of estimated tax. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. IRS Publication 505, *Tax Withholding and Estimated Tax*, provides additional information.

CHANGING A TAX WITHHOLDING ELECTION:

Once you file a tax withholding election for a monthly benefit, it will remain in effect until you file another election revoking the original by completing a [W-4P](#) form for Federal and [DE-4P](#) form for State and submitting it to CalPERS. These forms can be obtained by contacting CalPERS.

REFUND OF MEMBER CONTRIBUTIONS

Please refer to the “Membership – Civil Service/CSU” Section for information regarding a refund of the member contributions.